

Shawna Senko

From: Amy Williams <awilliams@uswatercorp.net>
Sent: Wednesday, January 22, 2014 3:17 PM
To: Filings@psc.state.fl.us
Cc: Vickie Penick; Carl Smith
Subject: Docket No. 130153-WS - LP Waterworks, Inc. - Request for FPSC to Consider Various Cost Associated with O&M
Attachments: Doc. No. 130153-WS- O&M Exp related to SARC.pdf

FPSC,

Please allow this submission on behalf of LP Waterworks, Inc. in regards to Docket No. 130153-WS.

Any questions or concerns please feel free to contact my office directly at (727) 848-8292 ext. 239

Thank You,

Amy N. Williams

Enterprise Systems - Accounting Admin

U.S. Water Services Corporation

4939 Cross Bayou Blvd.

New Port Richey, FL 34652-3434

P: (727) 848-8292 ext. 239

F: (727) 849-7809

LP WATERWORKS, INC.

January 23, 2014

Office of Commission Clerk
Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 130153-WS – LP Waterworks, Inc. – Request of FPSC to Consider Various Costs Associated with O&M

This letter will serve as a follow up to recent discussions concerning the O&M expenses as it relates to the SARC identified above. It is request by the owners of LP Waterworks, Inc. for the FPSC staff assigned to consider the following items in determining the O&M costs associated with this SARC.

In the process of establishing rates associated with this SARC, it is requested the FPSC consider the following:

- ❖ LP Waterworks asks that the PSC not to consider the past owner's expenses and costs in the determination of the O&M expenses, but to consider a "go forward" or projected test year.
 - As the FPSC staff knows, many owners of private systems typically do not record all costs associated with running a utility. Many utilize, as in this case staff assigned to the mobile home park to conduct various O&M actions and do not allocate related costs to the utility. In this case, many repairs, minor capital items were installed and not captured within the utility – including the labor associated with these items.
 - Owners do not conduct preventive maintenance or conduct various other measures associated with prescriptive maintenance measures and in keeping with standards to the industry.
 - The service contract in place at this time considers all appropriate aspects of service and industry standards.

- ❖ LP Waterworks, Inc. has established a five (5) year contract with U.S. Water Services Corporation (USWSC) for a variety of services that are not typical to an O&M contract. Some of the items inclusive and perhaps not typical to an average O&M contract, USWSC will provide:
 - Customer Service/Billing/Collection and various payment option services
 - Minor repairs under \$400.00 per incident
 - Ground maintenance
 - Accounting services for FPSC as well as for General Ledger activities
 - System Preventive maintenance – utilizing an actual (CMMS)
 - Preventive and prescriptive maintenance activities
 - Valve/hydrant testing according to rules and regulations

5320 Captains Court New Port Richey, FL 34652
Mailing: 4939 Cross Bayou Boulevard, New Port Richey, FL 34652
Tel: (866) 753-8292 Fax: (727) 848-7701

- Record keeping and FDEP, Water Management, and FPSC filings
- Permitting

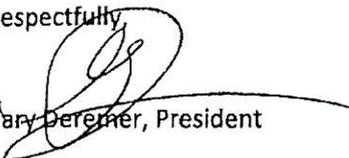
Upon review of this contract (Staff has been provided a copy) the staff needs to understand and consider the depth of this contract. The owner has this type of contract with other systems that are owned by various shareholders and has solicited various contractors within the geographical area(s) these systems are located.

The contractors solicited have declined to bid on this work due to their skill levels, depth of services, or would require additional sub-contractors which it has been expressed that they deemed they would not be competitive.

- ❖ Salaries and Wages – Employees and Officers
 - The FPSC staff is requested to consider dollars to the officer categories associated with ownership. These costs focus on those activities typically conducted by the owners of the system – oversight, managing the contract, customer interaction and problem resolution, oversight of filing various costs reports with the utility as it relates to business, and other activities associated with running regulated company and a corporation.
 - The System maintains no general employees. Removal of Employee Salaries and Wages, other than Officers, is acceptable.
- ❖ Bad Debt Expense – The FPSC staff should consider an allowance for Bad Debt expense. As the FPSC staff knows, there is no business that does not have bad debt. Utility suggests perhaps 2% of the annual projected revenues.
- ❖ Capital (CIP) – the owner has provided and after reviewing the system, recommend the adoption of the CIP submitted based on the condition of the system.

As the primary shareholder in LP Waterworks, Inc. it is requested strongly that the FPSC take into account these requests as stated above.

Respectfully,


Gary Deremer, President